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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

ACDA-07 SAJ-01 TRSE-00 /068 W
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R 101638Z SEP 76
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 6602
INFO AMEMBASSY MOSCOW
FUFHNA/USMISSION NATO 1476
COMICEDEFOR
CINCLANT
AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM

C O N F I D E N T I A L REYKJAVIK 1210

E.O. 11652: GDS
TAGS: PFOR, MARR, US, IC, UR, NATO
SUBJECT: CALL ON PRIME MINISTER: US ICELANDIC
DEFENSE ARRANGEMENTS

1. DURING COURTESY CALL ON PRIME MINISTER HALLGRIMSSON THIS MORNING, PRIME MINISTER NOTED THAT I COULD EXPECT ISSUE OF ICELAND DEFENSE FORCE TO BE RAISED FROM TIME TO TIME WITHIN COUNTRY, PARTICULARLY AS NATIONAL ELECTIONS APPROACHED. THIS, HE NOTED, WAS INEVITABLE GIVEN ICELANDIC INEXPERIENCE WITH PROBLEMS OF INTERNATIONAL SECURITY WHICH HAD REALLY ONLY BEGUN WITH OCCUPATION OF ICELAND BY BRITISH IN WORLD WAR II, EVENT WHICH MANY ICELANDERS AT THE TIME HAD CHARACTERIZED AS "AN INVASION" NOT REALIZING THAT FOR YEARS ICELAND HAD BEEN SHELTERED BY BRITISH FLEET FROM AGGRESSION. PM RECALLED VALUE OF EXISTING DEFENSE ARRANGEMENTS HAD BEEN MOST RECENTLY QUESTIONED DURING COD WAR AND THAT HE HAD TAKEN PAINS TO POINT OUT THAT DISPUTE WITH UK OVER FISHERIES WAS NOT RELEVANT TO DEFENSE AGREEMENT WITH US DESPITE
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SURFACING OF CRITICAL COMMENTS, HE REMAINED CONVINCED

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MAJORITY OF POPULATION BELIEVES DEFENSE ARRANGEMENTS SERVE ICELAND'S NATIONAL INTERESTS AS WELL AS THOSE OF US.

2. PM THEN STATED THAT CERTAIN ASPECTS OF US MILITARY PRESENCE IN ICELAND COULD PROVOKE CRITICISMS WHICH IT WAS IN INTEREST BOTH GOVTS TO HEAD OFF. HE CITED AS EXAMPLE FACT THAT THERE HAD BEEN NO ADJUSTMENT IN KRONUR PAYMENTS BY US TO ICELAND FOR USE OF ROADS BY DEFENSE FORCE DESPITE SUBSTANTIAL CHANGES IN EXCHANGE RATES IN US FAVOR SINCE ORIGINAL PAYMENTS HAD BEEN NEGOTIATED. THIS SITUATION PROVIDES OPENING FOR CRITICAL COMMENTS BY THOSE WHO DO NOT FAVOR DEFENSE ARRANGEMENT WHEN GOVERNMENT MUST PRESENT AND DEFEND ITS ANNUAL BUDGET.

3. IN RESPONSE, I REPLIED THAT I WAS GRATIFIED TO HAVE PRIME MINISTER CONFIRM THAT EXISTING DEFENSE ARRANGEMENTS DO HAVE SUPPORT OF MAJORITY OF ICELANDIC POPULATION. SUBSTANTIAL BUILDUP OF SOVIET NAVAL AND AIRLIFT CAPABILITY, LATTER MOST RECENTLY DEMONSTRATED IN SUPPORT OF MPLA IN ANGOLA, SHOULD GIVE PAUSE TO THOSE WHO THINK DEFENSE FORCE DOES NOT SERVE ICELAND'S OWN NATIONAL INTERESTS. CERTAINLY, SOVIETS ARE WELL AWARE OF ICELAND'S IMPORTANCE IN NATO CONTEXT. PM AGREED, STATING THAT SOVIETS APPEAR DELIBERATELY TO REMIND ICELAND OF THEIR PRESENCE, EG BY FREQUENT SHIP VISITS. ALSO, ONLY TWO DAYS BEFORE SOVIET AMBASSADOR HAD EXTENDED INVITATION TO HIM TO MAKE OFFICIAL VISIT TO MOSCOW NEXT YEAR. HE THOUGHT THESE, AND OTHER INDICATORS, INCLUDING SIZE OF SOVIET MISSION HERE TO WHICH I HAD EARLIER ALLUDED, REFLECTED HIGH DEGREE OF SOVIET INTEREST IN ICELAND.

4. REFERRING TO PRIME MINISTER'S COMMENT ON ROAD EXPENDITURES, DCM MARTIN, WHO ACCOMPANIED ME ON CALL, INDICATED THAT SUBJECT OF PAYMENTS HAD BEEN RAISED IN DEFENSE COMMITTEE AND THAT WE WERE NOW AWAITING RESPONSE TO OUR REQUEST FOR INFORMATION RE BASIS ON WHICH ROAD EXPENDITURES WERE CALULATED BY GOI. PM AGREED ANY DISCUSSION THIS PROBLEM SHOULD BE BASED ON FACTS.

5. IN CONCLUDING MEETING, WHICH HAD LASTED
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NEARLY FIFTY MINUTES, PM EXPRESSED BEST WISHES FOR MY SUCCESS HERE AND ASSURANCE HE WOULD ALWAYS BE AVAILABLE TO DISCUSS ANY SUBJECTS WITH ME, FOR WHICH I THANKED HIM.
BLAKE

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